

# PUBLIC DISCLOSURE

September 22, 1997

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank:

Security Dollar Bank  
#618423  
One South Main Street  
Niles, Ohio 44446

Supervisory Agency:

Federal Reserve Bank of Cleveland  
P.O. Box 6387  
Cleveland, Ohio 44101-1387

NOTE:

This evaluation is not, nor should be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **I. GENERAL INFORMATION**

The Community Reinvestment Act ("CRA") requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Security Dollar Bank prepared by The Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of September 22, 1997. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

## II. DESCRIPTION OF INSTITUTION

Security Dollar Bank ("Security") is a state-chartered, member bank headquartered in Niles, Ohio. As of June 30, 1997, Security had total assets of \$162 million, and serves its assessment area through five branch offices. For a full description of Security's assessment area, please see Section III of this report. Security is a full service financial institution, whose primary business focus is real estate and consumer lending. The following table presents several key financial ratios for the institution.

<b>Table 1</b> <b>Key Financial Ratios</b> <b>As of March 31, 1997</b>		
<b>Ratio</b>	<b>Bank</b>	<b>Peer</b>
<b>Return on Average Assets</b>	.79%	1.20%
<b>Net Loans &amp; Leases to Total Assets</b>	72.6%	61.5%
<b>Investments to Total Assets</b>	18.0%	25.2%
<b>Core Deposits to Total Assets</b>	76.8%	78.0%
<b>Net Loans &amp; Leases to Total Deposits</b>	82.4%	70.6%

As indicated by the table, there are no legal or other impediments, which would hamper the bank's ability to meet the community's credit needs.

## III. DESCRIPTION OF ASSESSMENT AREA

Security's assessment area incorporates Warren, Howland, Lordstown, Weathersfield and Liberty townships, which can generally be identified as Trumbull County. The assessment area is comprised of 31 census tracts, numbered 9201.00 through 9334.00. This assessment area complies with the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies (i.e. census tracts or block numbering areas). Tables 2 and 3 present relevant demographic information for the assessment area. The median household and family income levels for the area are \$26,510 and \$32,268, respectively. Households are defined as all persons occupying a housing unit, while families are defined as a household with occupants related by birth, marriage, or adoption.

**Table 2**

<b>Demographic Data by Geography</b>					
<b>Type of Geography*</b>	<b># and % of Geographies</b>	<b># and % of Total Population</b>	<b># and % of Households</b>	<b># and % of HH that are Families</b>	<b># and % of OO** Units</b>
<b>Low-Income</b>	1 3%	1,500 1%	491 1%	387 1%	568 1%
<b>Moderate-Income</b>	6 19%	18,575 13%	6,898 13%	4,723 12%	7,779 14%
<b>Middle-Income</b>	16 52%	77,426 56%	31,080 58%	21,637 56%	32,454 57%
<b>Upper-Income</b>	8 26%	40,792 30%	15,329 28%	11,723 31%	16,083 28%
<b>Total</b>	31	138,293	53,798	38,470	16,884

\* Geographies are classified as follows: low-income geographies have median family incomes less than 50% of the area median family income, moderate-income geographies have median family income from 50% to less than 80% of the area median family income, middle-income geographies have median family income from 80% to less than 120% of the area median family income, and upper-income geographies have median family income equal to or greater than 120% of the area median family income.

\*\* Owner-occupied units

Table 2 indicates that the assessment area contains one low-income and six moderate-income tracts, with the area predominately comprised of middle-income geographies. A majority of the population, households, families, and owner-occupied housing units are located within those middle-income geographies. A substantial proportion of the assessment area's population, households and families are within the middle- and upper- income tracts.

<b>Table 3</b> <b>Demographic Data by Income Level</b>				
<b>Income Level*</b>	<b>Number of Households</b>	<b>% of Households</b>	<b>Number of Families</b>	<b>% of Families</b>
<b>Low-Income</b>	12,888	24%	7,462	19%
<b>Moderate-Income</b>	7,896	15%	6,555	17%
<b>Middle-Income</b>	9,593	18%	8,092	21%
<b>Upper-Income</b>	23,421	43%	16,361	43%
<b>Below Poverty Level**</b>	7,536	14%	4,435	12%

\* Household/Family income levels are classified as follows: low-income households/families have median household/family incomes less than 50% of the area median household/family income, moderate-income households/families have median household/family income from 50% to less than 80% of the area median household/family income, middle-income households/families have median household/family income from 80% to less than 120% of the area median household/family income, and upper-income households/families have median household/family income equal to or greater than 120% of the area median household/family income.

\*\* Subset of low-income households/families

Table 3 indicates there are considerably more low-income households and families living within the various geographies in the assessment area than identified by geographies. Table 3 further indicates that households and families are relatively evenly distributed among low-, moderate-, and middle- income categories, a sizeable proportion of families and households are centered in the upper-income category. Of the low-income households and families, approximately 26% are below the poverty level.

The assessment area contains 56,884 housing units. Of these units, 65% are owner-occupied, 29% are rental units, and 5% are vacant. One-to-four family units comprise 82% of the housing stock, with 71% of the housing stock consisting of one family units. Multi-family units of five or more comprise 12%, and mobile homes comprise 4% of the remaining housing stock. The median housing value is \$50,430, with the median gross rent equivalent to \$345 per month.

As with the Midwest region and the state of Ohio, the local economy has experienced robust growth and is considered strong. The employment base is evenly divided among the manufacturing, retail and services, which contains over 75% of the area's total employment. Three community contacts were conducted in conjunction with the examination, the purpose of which was to assess the economic conditions and credit needs of the area. These contacts, as well as other economic and demographic information, confirmed that the area continues to prosper although there are certain urban areas that lag the area as a whole in economic growth. The primary credit needs identified through the contacts include mortgage and business loans.

#### IV. INSTITUTION RATING

This institution's record of performance is considered satisfactory.

Major factors contributing to this rating include:

An excellent loan-to-deposit ratio;

An excellent percentage of loans inside assessment areas;

A reasonable distribution of loans throughout the assessment area geographies; and

A good penetration of loans among customers of different income levels.

#### CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

##### Loan-To-Deposit Ratio

The loan-to-deposit ratio is the one measure used to analyze the level of deposited funds received by a smaller institution which are reinvested in the community through loans. For Security, an average loan-to-deposit ratio of 81.4% was calculated using the ratios from the six quarters between December 1995 and March 1997. The bank's loan-to-deposit ratio has remained relatively high, with reported ratios exceeding 70%, with the most recent ratio equivalent to 82.4%.

The bank's loan-to-deposit ratio significantly exceeds the most recent peer level of 70.6%, indicating a high level lending activity by the bank.

##### Lending Within the Assessment Area

Table 4 indicates the level of lending by product type within the bank's assessment area. Depicted in the table are all consumer loans for the first six months of 1997, and all loans reported on the bank's Home Mortgage Disclosure Act Loan/Application Register for 1996 and the first six months of 1997.

<b>Table 4</b> <b>Lending Within Assessment Areas</b> <b>by Loan Product</b>				
<b>Loan Type</b>	<b>Number of Loans</b>	<b>% of Total Loans</b>	<b>Amount of Loans *</b>	<b>% of Total Loans</b>
<b>All Consumer Loans</b>	69	96%	\$723	98%
<b>Small Business/Ag Loans</b>	24	92%	\$1,244	96%
<b>Home Purchase</b>	92	90%	\$5,938	83%
<b>Refinancing</b>	54	98%	\$499	98%
<b>Total</b>	239	94%	\$8,290	87%

\* In thousands

The table indicates the bank originated 239 loans totaling approximately \$8.3 million over the period surveyed. Of these aggregates, 94% of the number and 87% of the dollar volume of the bank's loans were originated within its assessment area.

In summary, the bank demonstrates an excellent number and dollar amount of loans originated within its assessment area.

### **Geographic Distribution**

Table 5 illustrates Security's distribution of all loan products by geographic categorization within the bank's assessment area. For each loan product, the table indicates the number and dollar amount of the loan origination's in each category of geography, expressed as a percentage of the total number and dollar amount of the respective loan product. Additionally, the table shows the percentage of geographies, population, households, families, and owner-occupied units within the bank's assessment area classified as low-, moderate-, middle-, and upper income.

<b>Table 5</b> <b>Distribution of All Loan Products</b> <b>by Assessment Area Geography</b>				
<b>Type of Loan</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>
<b>All Consumer Loans</b>	0%* 0%**	7%* 14%**	70%* 65%**	23%* 22%**
<b>Commercial Loans</b>	0%* 0%**	8%* 6%**	67%* 43%**	25%* 51%**
<b>Refinancing</b>	0%* 0%**	6%* 3%**	85%* 85%**	9%* 11%**
<b>Home Purchase</b>	1%* 0%**	10%* 5%**	41%* 37%**	48%* 58%**
<b>Percent of Geographies</b>	3%	19%	52%	26%
<b>Percent of Population</b>	1%	13%	56%	30%
<b>Percent of Households</b>	1%	13%	58%	28%
<b>Percent of Owner-Occupied Units</b>	1%	14%	57%	28%

\* Percentage of total number of loans for the respective loan category.

\*\* Percentage of the total dollar amount of loans for the respective loan category.

The preponderance of the bank's credit extensions for all loan categories centers in middle- and upper-income geographies. The table further indicates that the sample of credits include a de minimis number of credit extensions within the low-income geography. As mentioned previously, the assessment area contains only one low-income geography. The number of the bank's credit extensions to moderate-income geographies for all credit categories is slightly below the demographic composition of the assessment area. However, overall the distribution of the bank's lending reflects a reasonable penetration among all geographies, given the bank's size, location, and the characteristics of the banking market in



which the bank operates.

### **Borrower Distribution**

Table 6 illustrates Security's distribution of all loan products by income level of the respective borrower. For each loan product, the table indicates the number and dollar amount of the loan origination's by the income characteristic of the borrower, expressed as a percentage of the total number and dollar amount of the respective loan product. Additionally, the table shows the percentage of total households and families within the assessment area in conjunction with their relative income characteristics.

<b>Table 6 Distribution of All Loan Products By Income Level of Borrower</b>				
<b>Type of Loan</b>	<b>Low- Income</b>	<b>Moderate- Income</b>	<b>Middle- Income</b>	<b>Upper- Income</b>
<b>All Consumer Loans</b>	6%* 7%**	30%* 23%**	37%* 30%**	27%* 39%**
<b>Refinancing</b>	10%* 8%**	29%* 26%**	33%* 27%**	29%* 39%**
<b>Home Purchase</b>	10%* 4%**	22%* 16%**	20%* 20%**	47%* 59%**
<b>Percent of Households</b>	1%	13%	58%	28%
<b>Percent of Families</b>	19%	17%	21%	43%

\* Percentage of total number of loans for the respective loan category.

\*\* Percentage of the total dollar amount of loans for the respective loan category.

The table reflects a relatively balanced distribution of lending across income categories for all lending products. While credit extensions to low-income borrowers for all loan types is slightly below the demographic composition of the assessment area, extensions of all types to low- and moderate- income borrowers generally mirrors the demographic distribution of households and families of the combined categories. For home purchase real estate loans, the bank's largest loan product, the proportion of extensions to low- and moderate-income borrowers approximates the levels of households and families within the assessment area.

In general, the distribution of the bank's lending reflects a good penetration among borrowers of low- and moderate-income characteristics.

### **Consumer Complaints**

Neither Security nor the Federal Reserve Bank of Cleveland has received any complaints regarding the bank's performance under the Community Reinvestment Act.

### **Fair Lending Laws and Regulations**

No substantive or technical violations of the fair lending laws were noted during the examination. Security's loan policy contained an Equal Credit Opportunity Act statement, and bank employees demonstrated a general understanding of the regulatory requirements with respect to fair lending.